

Association of Electricity Suppliers in Romania (AFEER) proposes the reintroduction of direct bilateral contracts, prohibited by current legislation, according to a statement issued by the organization in the context of consultations amending Law no. 123/2012.

“Banning this instrument for producers and suppliers in Romania means discrimination against other participants in markets in the region, if they have an increased risk in adjusting trade positions. This discrimination is expected to produce significant adverse effects given that, at EU level, will become operational internal electricity market ” , said Ion Lungu, President AFEER.

From the application of Law 123/2012 we had situation with a migration of long-term transactions to very short term (over 30% of domestic consumption, accounting for about 65% of the competitive market) report AFEER representatives.

“This phenomenon leads to distortion of the reference price on the wholesale market, with negative consequences for tendering a fair price for the electricity supplied to consumers and, in the medium and long term will permanently affect investments in generation capacities of electricity, raising signs question about security in electricity supply at sustainable prices to consumers in Romania ” , explained representatives of the Association. “In addition, developers of projects in the electricity generation sector, new entrants can not enter into long-term contracts with suppliers, contracts represent a guarantee demanded by banks to obtain loans necessary for the development projects. However, a financing scheme in the long term, based on a market mechanism, of the type proposed for building nuclear groups 3 and 4 in Cernavoda (electricity suppliers that have financed the investment shall be allocated allowances in the electricity following to be delivered from these groups, they are going to sell on the open electricity market) can not be used due to restrictions imposed by the law of contract ” , explains AFEER.

On the other hand, the present legal provisions do not allow electricity producers to export electricity through transactions concluded on the basis of bilateral contracts negotiated directly. Since there is an overproduction capacity in Romania, all producers, state or private, lose the opportunity to earn income through the direct sale of electricity markets in the region and the European Union, say representatives of the Association.

Another point raised by AFEER and which may be removed by resuming bilateral contracts directly relate to the impossibility for companies within the same group to use electricity produced by another company within the group, which leads to an artificial increase the costs.

“We understand that the current provisions for trading electricity only through centralized markets operated by a single operator market was intended to remove transactions previously carried out by certain producers from the state portfolio, but we do not think that is the solution to eliminate bad practices or increase competition. In addition, the emergence of European REMIT regulation on market integrity and transparency of

wholesale energy creates a specific framework for monitoring of wholesale electricity markets, precisely in order to detect and deter possible attempts to manipulate the market. Thus, practices such as those of the past are hard to repeated " , said President AFEER, transmits Serbia-energy.eu